



492/2021/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
LSI Software	Buy	23.1	Overweight	Tomasz Rodak, CFA +48 797 487 381

Event: 2Q21 financials – close to our expectations.

On September 30, before the market opening, LSI Software released their 2Q21 financial results. **2Q21 EBIT stands at PLN 7.4 million vs PLN 6.9 million expected by us.**

- 2Q21 revenues reached PLN 16.3 million, in accordance with earlier published preliminary data;
- Sales of both, the production and distribution segments were close to our forecasts;
- 2Q21 gross profit on sales at PLN 8.5 million exceeded our expectations (PLN 4.9 million) materially. The Company implemented a change in the presentation of HR costs of the trading team, transferring them from the costs of products sold to the costs of sales. If adjusted for this change, the gross profit on sales would have been close to our expectations;
- The balance of other operating revenues/costs reached PLN +2.9 million vs PLN +3.2 million expected by us. Under this position the Company booked the State aid in the amount of PLN 3.1 million (as expected);
- D&A charges in 2Q21 stand at PLN 1 million (we assumed PLN 1.1 million);
- **2Q21 EBIT stands at PLN 7.4 million vs PLN 6.9 million expected by us;**
- The Company paid a tax of PLN -0.2 million while we forecasted it at PLN +0.7 million;
- The tax difference acted as the main factor responsible for the net profit beating our expectations; 2Q21 NP reached PLN 7.3 million and was 18% higher than we expected;
- The OCF reached PLN 3.0 million vs PLN 2.5 million a year ago.

LSI Software; 2Q21 financial results

IFRS cons. (PLN m)	2Q21A	2Q21F (by DM BOŚ)	Results vs forecasts	2Q20	chg yoy
Sales	16.3	16.3	→	9.5	72%
Production	9.1	9.3	→	6.0	52%
Distribution	7.2	7.0	→	3.5	106%
Gross profit on sales	8.5	4.9	↑↑	1.8	373%
<i>Gross profit margin</i>	52.2%	29.9%	-	18.9%	-
EBITDA	8.4	8.0	→	3.7	123%
<i>EBITDA margin</i>	51.2%	49.2%	-	39.4%	-
EBIT	7.4	6.9	→	2.4	207%
<i>EBIT margin</i>	45.1%	42.4%	-	25.2%	-
Pre-tax profit	7.2	6.9	→	2.2	219%
<i>Pre-tax margin</i>	43.9%	42.5%	-	23.6%	-
Net profit	7.3	6.2	↑	2.4	205%
<i>Net margin</i>	45.0%	38.2%		25.3%	

Source: Company, DM BOŚ SA estimates

Expected impact: Slightly positive. LSI Software's quarterly financials turned out to be historically record high albeit in line with our expectations.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.